

systems limitations arguments to avoid agreement on reasonable and fair payment terms.

Witnesses Johnson, Russell, and Falvey maintained that BellSouth's argument that it has no way to know when the customer actually receives the bill, thus it is not reasonable to expect that treatment could be based upon the date the customer receives the bill, is not persuasive. They asserted that there is no reason why BellSouth should not be aware when it sends and a customer receives an electronic or paper bill. Witnesses Johnson, Russell, and Falvey stated that it is easy to track on-line posting and receipt of mail – electronic and traditional. They noted that such posting and return receipt functions are basic components of internet-posting and electronic mail programs. They noted that courier services, such as UPS and FedEx, and the United States Postal Service have long provided return receipt or delivery confirmation services to their customers. They stated that it is surprising to them that BellSouth witness Morillo is unaware of such things and that nobody at BellSouth who reviewed his testimony bothered to point them out to him. Witnesses Johnson, Russell, and Falvey stated that because posting and receipt are easily tracked, it is certainly reasonable to tie payment due dates to the posting or receipt of bills.

Witness Russell stated in his summary that the Joint Petitioners were willing to accept the Commission's decision on due dates in the ITC^DeltaCom Communications, Inc. (ITC^DeltaCom)/BellSouth arbitration (Docket No. P-500, Sub 18) (i.e., 26 days after delivery of bill).

On cross-examination, witness Russell stated that during NuVox's seven years in existence it has paid all of its BellSouth invoices in a timely manner. He also stated that NuVox receives certain bills electronically. Witness Russell noted that NuVox's experience demonstrates that they usually receive bills from BellSouth six or seven days after the date posted on the bill. He agreed that BellSouth has incentive from the performance measurement plan perspective to deliver bills in a timely manner. Witness Russell stated that NuVox speaks to its BellSouth account representative on a regular basis about billing disputes, inaccuracies, and failure to deliver bills on time.

Witness Johnson stated on cross-examination that KMC receives most of its BellSouth bills electronically and that KMC receives its BellSouth bills in an average of about seven days.

Witness Falvey stated on cross-examination that Xspedius did a bill study that concluded that Xspedius receives all of its invoices from BellSouth in 6.45 days. He stated that while 30 days is the standard for good bills, given that the Joint Petitioners have problems with BellSouth in terms of the timing of bills and readability and intelligibility of the bills, the Joint Petitioners are asking for the Commission to allow the Joint Petitioners 30 days from the receipt of the bill to make sure they have enough time to go through the bills. He also agreed that if Xspedius found a bill to be confusing it could invoke the dispute resolution provision of the Agreement; however, he asserted it

takes a lot of time and energy and resources to invoke the dispute resolution provision. He also commented that Xspedius finds a fair amount of error in the bills.

On redirect, witness Russell stated that when BellSouth delivers a late bill to NuVox, it does not trigger a SEEM penalty payment on its on accord. He noted that SEEM penalties are based on an aggregate of BellSouth's performance and BellSouth's performance with regard to a number of metrics. He stated that simply because BellSouth delivers a bill late to NuVox does not necessarily trigger a SEEM payment directly to NuVox.

The Joint Petitioners stated in their Proposed Order that they recommend that Section 1.4 of Attachment 7 of the Agreement provide for payment of charges for services be due 30 calendar days from receipt or posting of a complete and fully readable bill. The Joint Petitioners noted that BellSouth proposed that payment be due on or before the next bill date in immediately available funds.

The Joint Petitioners noted that their witnesses testified that the Joint Petitioners: (1) receive a large number of bills from BellSouth monthly which are voluminous and complex; (2) these bills are often incomplete and sometimes incomprehensible; and (3) that there is often a long gap between the bill issue date and the date the BellSouth bill is actually posted or received by the Joint Petitioners. The Joint Petitioners stated that there was testimony that the Joint Petitioners do not receive their electronic bills from BellSouth for periods ranging from three to 30 days. The Joint Petitioners further maintained that their witnesses testified that it often takes several weeks to review the BellSouth bills because of their volume and complexity. The Joint Petitioners noted that BellSouth witness Morillo testified that BellSouth pays the bills it receives from the Joint Petitioners on receipt.

The Joint Petitioners maintained that the issue presented in this item is one familiar to the Commission. The Joint Petitioners noted that the same issue was presented in the last ITC^DeltaCom arbitration with BellSouth. The Joint Petitioners argued that nothing in the record of this arbitration gives the Commission a reason to change its decision on this issue. The Joint Petitioners stated that the evidence in this arbitration regarding the lag time between BellSouth's bill date and the issuance of its bills is consistent with the evidence in the ITC^DeltaCom/BellSouth arbitration. The Joint Petitioners recommended that the Commission find that a payment due date 26 days from the date of receipt is a reasonable interval within which the Joint Petitioners can review and pay their bills. The Joint Petitioners noted that as in the ITC^DeltaCom/BellSouth arbitration, the Commission should recognize that special circumstances may warrant an extension of the payment due date beyond this 26-day interval. The Joint Petitioners recommended that the Commission find that it expects BellSouth to grant such requests when reasonable. Finally, the Joint Petitioners noted that in the Joint Issues/Open Items Matrix, they stated that they would find the result in the ITC^DeltaCom/BellSouth arbitration on this issue acceptable.

The Joint Petitioners recommended that the Commission conclude that the payment due date should be 26 days from the date of receipt of the bill, and therefore, require the Joint Petitioners and BellSouth to amend the proposed language in Attachment 7 of the Agreement to conform to this decision.

BellSouth witness Morillo stated in his testimony that BellSouth's position on this issue is that payment for services should be due on or before the next bill date in immediately available funds. He stated that BellSouth has no way to know when a customer actually receives a bill, and thus, it is not reasonable to expect that treatment could be based upon the date the customer receives the bill.

Witness Morillo asserted that there is no legitimate reason to allow the Joint Petitioners a full 30 calendar days after receiving a bill to make payment. He noted that BellSouth invoices each CLP every 30 days, just as it does for its retail customers. He stated that the bill date is the same each month and each CLP is aware of its billing due date. Witness Morillo maintained that a CLP can elect to receive its bills electronically so as to minimize any delay in bill printing and receipt. He also asserted that to the extent a CLP has questions about its bills, BellSouth cooperates with that CLP to provide responses in a prompt manner and resolve any issue. Witness Morillo also noted that in a given month if special circumstances warrant a CLP may request an extension of the due date and BellSouth does not unreasonably refuse to grant such a request.

Witness Morillo explained that from the time an electronic bill goes out, generally four to six days after the bill period, the CLP generally has 22 days to review and pay its bill. He noted that paper bills will take longer. Witness Morillo also asserted that, regarding the Joint Petitioners' allegation of incomplete and/or incomprehensible bills, the CLPs do not support this allegation with examples or other factual evidence. He stated that if the CLPs would provide such evidence, BellSouth would be glad to investigate.

On cross-examination, witness Morillo agreed that BellSouth believes that payment should be due on or before the next bill date and the Joint Petitioners believe that the payment should be due 30 calendar days from the receipt of the bill or the website posting of an electronic bill.

Witness Morillo also agreed that he testified in his deposition that the Joint Petitioners all received electronic bills and that an electronic bill has a confirmation. He agreed that BellSouth pays bills from Xspedius, NuVox, and KMC within 30 days of receipt.

Addressing the decision in the ITC^DeltaCom/BellSouth arbitration, witness Morillo stated that BellSouth's policy remains to have the right to request a 30-day payment cycle. He stated that it is cumbersome for BellSouth to change all of its billing systems just to address three CLPs in North Carolina. He stated that BellSouth is

unwilling to accept the Commission's decision in the ITC^DeltaCom/BellSouth arbitration.

BellSouth argued in its Brief that the Joint Petitioners (like all CLPs that do business with BellSouth) have a set and constant bill issuance date for every invoice or bill that the Joint Petitioners receive. BellSouth noted that based on the bill date, the Joint Petitioners know the exact date when payment is due for each bill (i.e., it is by the next bill issuance date). For example, BellSouth stated, a NuVox invoice that is dated the 5<sup>th</sup> day of the month will always be dated the 5<sup>th</sup> day of the month and will always be due by the 5<sup>th</sup> day of the following month.

BellSouth asserted that in addition to knowing when their bills are due, the Joint Petitioners concede, as they must, that their monthly billings are reasonably predictable and that the Joint Petitioners are in the best position to predict or estimate their monthly billings. Further, BellSouth noted, NuVox unequivocally admitted during the evidentiary hearing to paying all of its BellSouth bills in a timely manner for seven years. BellSouth asserted that NuVox's uncontradicted testimony belies the Joint Petitioners' assertion that they need at least 30 days to review and pay their bills.

BellSouth also argued that it is difficult to reconcile the Joint Petitioners' own tariffs with their assertion that BellSouth's payment terms would be considered unacceptable in most commercial settings. BellSouth maintained that the Joint Petitioners' own end user tariffs or standard contract terms require North Carolina customers to pay on or before the payment due date.

BellSouth maintained that the Joint Petitioners' suggestion that, in BellSouth's testimony, BellSouth measured payment of bills received from the Joint Petitioners from the date of receipt is both irrelevant and a mischaracterization of BellSouth's testimony. BellSouth argued that it used the date it received the bills to provide a meaningful way to measure its payment history with the Joint Petitioners because certain Joint Petitioners have not been able to and presently cannot provide BellSouth with a timely bill. BellSouth maintained that the Joint Petitioners do not have the same concerns with bills they receive from BellSouth.

BellSouth argued that granting special payment terms to the Joint Petitioners is also contrary to the Act. Specifically, BellSouth maintained, under Section 251(c), BellSouth has, among other things, an obligation to provide interconnection services and UNEs on rates, terms, and conditions that are just, reasonable, and nondiscriminatory. BellSouth noted that for billing purposes, BellSouth satisfies its nondiscrimination obligations by delivering bills to CLPs in the same time and manner that BellSouth delivers bills to its own retail customers. Additionally, BellSouth stated, it pays SEEM penalties if it fails to deliver CLP bills in a timely manner (i.e., at parity with the time it takes BellSouth to deliver bills to its retail customers). BellSouth noted that as Joint Petitioners witness Russell acknowledged on cross-examination at the evidentiary hearing, from a timeliness perspective, BellSouth has at least two practical

reasons (getting paid and avoiding SEEM penalties) for delivering bills to CLPs as soon as possible.

BellSouth asserted that to minimize any delay in receiving its bills, the Joint Petitioners can elect to receive their bills electronically. Indeed, BellSouth maintained, the Joint Petitioners receive bills electronically. BellSouth noted that, further, if any Joint Petitioner has billing questions, nothing precludes the Joint Petitioner from contacting BellSouth with such questions, and BellSouth will respond in a prompt manner. BellSouth asserted that Joint Petitioners witness Russell admitted that NuVox speaks with its BellSouth account representatives on a regular basis regarding billing matters. BellSouth noted that, additionally, Joint Petitioners witness Falvey admitted during the evidentiary hearing that nothing prevents the Joint Petitioners from exercising their rights under the agreed upon billing dispute resolution provision, if any Joint Petitioner receives a bill that appears incomplete or confusing.

BellSouth argued that it is reasonable for BellSouth to expect that payment will be made by the next bill date; BellSouth expects the same from its retail customers. Moreover, BellSouth maintained, if special circumstances warrant, a Joint Petitioner may request an extension of the payment due date, and BellSouth does not unreasonably refuse to grant such a request.

Finally, BellSouth asserted, the Joint Petitioners' proposal would result in an ever extending, revolving payment due date. BellSouth stated that, additionally, granting the Joint Petitioners' request for special payment terms would require modifications to BellSouth's billing systems and would involve substantial costs. BellSouth argued that incurring such costs to meet the special payment due date request of the Joint Petitioners is unnecessary and unwarranted given the fact that in granting BellSouth long distance authority in North Carolina, both the Commission and the FCC determined that BellSouth's billing practices are nondiscriminatory. BellSouth concluded that it has already been determined that BellSouth's existing billing practices give CLPs a meaningful opportunity to compete in the local market; accordingly, the Commission should reject the Joint Petitioners' request for special treatment and adopt BellSouth's proposed language on Matrix Item No. 97.

The Public Staff stated in its Proposed Order that the Commission, in its *March 2, 2004 Order* in Docket No. P-500, Sub 18 – the ITC^DeltaCom/BellSouth arbitration docket, agreed with the Public Staff's recommendation that a payment due date of 26 days from the date of receipt would be an appropriate amount of time. The Public Staff maintained that it had contended that this period represented the approximate amount of time a CLP has to review bills when BellSouth's billing systems are performing adequately and would allow adequate time for review of the bill as well as provide an incentive for BellSouth to render timely bills. The Public Staff noted that the Joint Petitioners indicate that they are willing to accept a payment due date of 26 days from receipt of a bill and this finding from Docket No. P-500, Sub 18 is reasonable and applicable to this proceeding as well. The Public Staff recommended

that the Commission conclude that the payment due date should be 26 days from the date of receipt of the bill.

The Commission notes that in its *March 2, 2004 Recommended Arbitration Order* in the ITC^DeltaCom/BellSouth arbitration docket, the Commission stated

Based upon the foregoing, the Commission believes that the Public Staff's recommendation for the payment due date to be 26 days from the date of receipt is a reasonable interval of time in which ITC can review and pay its bills. In consideration that after the bill date, BellSouth then has to accumulate the traffic sensitive-type charges which according to BellSouth results in another three to five days before bills are electronically transmitted to ITC, which results in ITC typically having a payment due date that is 27 to 25 days after the date of receipt, or sometimes 23 days as ITC noted that it has even been seven days after the bill date before the bill is received, the Commission believes that establishing a specific payment due date of 26 days after receipt of the bill would be reasonable and fair to both ITC and BellSouth. The Commission infers from BellSouth's representation of its present process of a three- to five-day lag, that BellSouth is already sending its bills electronically to ITC, on average, within four days after the bill date, thus, the Commission does not believe that a 26-day requirement would result in any material system-wide change in BellSouth's billing systems. Furthermore, the Commission recognizes that when special circumstances warrant, ITC may request an extension of the payment due date; the Commission believes BellSouth should continue to grant such request, when reasonable.

The Commission further notes that BellSouth filed an Objection to this finding in the Commission's *March 2, 2004 Order*, however, by letter filed May 17, 2004, ITC^DeltaCom stated that it and BellSouth had successfully resolved the issue.

The Commission agrees with the Joint Petitioners and the Public Staff that the Commission's decision in the ITC^DeltaCom/BellSouth arbitration proceeding is reasonable and applicable to this proceeding as well. The Commission does not believe that BellSouth provided any compelling arguments why a 26-day billing period is not appropriate in this docket. Therefore, the Commission concludes that the payment due date should be 26 days from the date of receipt of the bill.

## **CONCLUSIONS**

The Commission concludes that the payment due date should be 26 days from the date of receipt of the bill. Accordingly, the Commission requires the Joint Petitioners and BellSouth to properly amend the proposed language in the Agreement in Attachment 7, Section 1.4, in accordance with this decision.

## **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 18**

### **ISSUE NO. 18 - MATRIX ITEM NO. 100:**

**Joint Petitioners' Issue Statement:** Should a CLP be required to calculate and pay past due amounts in addition to those specified in BellSouth's notice of suspension or termination for nonpayment in order to avoid suspension or termination?

**BellSouth's Issue Statement:** Should a CLP be required to pay past due amounts in addition to those specified in BellSouth's notice of suspension or termination for nonpayment in order to avoid suspension or termination?

### **POSITIONS OF PARTIES**

**JOINT PETITIONERS:** The Joint Petitioners stated that CLPs should not be required to calculate and pay past due amounts in addition to those specified in BellSouth's notice of suspension or termination for nonpayment in order to avoid suspension or termination. Rather, the Joint Petitioners noted, if a CLP receives a notice of suspension or termination from BellSouth, with a limited time to pay nondisputed past due amounts, a CLP should be required to pay only those amounts past due as of the date of the notice and as expressly and plainly indicated on the notice, in order to avoid suspension or termination. Otherwise, the Joint Petitioners maintained, a CLP will risk suspension or termination due to possible calculation and timing errors or the inability to predict posting of payment by BellSouth correctly.

**BELLSOUTH:** BellSouth maintained that the Commission should continue to allow BellSouth to protect its financial interest by allowing BellSouth to discontinue providing service to any Joint Petitioner that fails to timely pay for services rendered and therefore, should adopt BellSouth's proposed language on Matrix Item No. 100.

**PUBLIC STAFF:** The Public Staff agreed with the Joint Petitioners' position.

### **DISCUSSION**

The Parties disagree on the appropriate language for Section 1.7.2 of Attachment 7 of the Agreement, as follows:

#### **Section 1.7.2 – Joint Petitioners**

Each Party reserves the right to suspend or terminate service for nonpayment. If payment of amounts not subject to a billing dispute, as described in Section 2, is not received by the Due Date, the billing Party may provide written notice to the other Party that additional applications for service may be refused, that any pending orders for service may not be completed, and/or that access to ordering systems may be suspended if payment of such amounts, as indicated on the notice in dollars and cents, is not received by the fifteenth (15<sup>th</sup>) calendar day following the date of the notice. In addition, the billing Party may, at the same time, provide written notice that the billing Party may discontinue the provision of

existing services to the other Party if payment of such amounts, as indicated on the notice (in dollars and cents), is not received by the thirtieth (30<sup>th</sup>) calendar day following the date of the Initial Notice.

### **Section 1.7.2 – BellSouth**

BellSouth reserves the right to suspend or terminate service for nonpayment. If payment of amounts not subject to a billing dispute, as described in Section 2, is not received by the bill date in the month after the original bill date, BellSouth will provide written notice to <<customer\_short\_name>> that additional applications for service may be refused, that any pending orders for service may not be completed, and/or that access to ordering systems may be suspended if payment of such amounts, and all other amounts not in dispute that become past due subsequent to the issuance of the written notice (“Additional Amounts Owed”), is not received by the (15<sup>th</sup>) calendar day following the date of the notice. In addition, BellSouth may, at the same time, provide written notice that BellSouth may discontinue the provision of existing services to <<customer\_short\_name>> if payment of such amounts, and all other Additional Amounts Owed that become past due subsequent to the issuance of the written notice, is not received by the thirtieth (30<sup>th</sup>) calendar day following the date of the initial notice. Upon request, BellSouth will provide information to <<customer\_short\_name>> of the Additional Amounts Owed that must be paid prior to the time periods set forth in the written notice to avoid suspension of access to ordering systems or discontinuance of the provision of existing services as set forth in the initial written notice.

Joint Petitioners witnesses Johnson, Russell, and Falvey stated in direct testimony that it is their position that CLPs should not be required to calculate and pay past due amounts in addition to those specified in BellSouth’s notice of suspension or termination for nonpayment in order to avoid suspension or termination. Rather, they asserted, if a CLP receives a notice of suspension or termination from BellSouth, with a limited time to pay nondisputed past due amounts, CLPs should be required to pay only those amounts past due as of the date of the notice and as expressly and plainly indicated on the notice in order to avoid suspension or termination; otherwise, a CLP will risk suspension or termination due to possible calculation and timing errors.

Witnesses Johnson, Russell, and Falvey asserted that if a Joint Petitioner receives a notice of suspension or termination from BellSouth, it will be the Joint Petitioner’s immediate goal to pay the past due amounts included in the notice to avoid suspension or termination. They argued that if the Joint Petitioner must attempt to calculate and pay past due amounts in addition to those specified in BellSouth’s notice, the Joint Petitioner unfairly will risk suspension or termination due to possible calculation and timing errors.

Witnesses Johnson, Russell, and Falvey explained that if one of their companies received a notice of suspension or termination from BellSouth, it would be nothing less than a “fire drill”. They stated that whoever received the notice would immediately work to determine whether such payments were missing, not posted, disputed, or simply due

and, in the latter case, would arrange to deliver payment to BellSouth as fast as possible. Witnesses Johnson, Russell, and Falvey asserted that access to BellSouth's OSS is essential to the daily operation of a CLP and that they take the threat of suspension of such access very seriously as it would result in massive service outages across their North Carolina customer base.

Witnesses Johnson, Russell, and Falvey asserted that any time or resources that they would have to expend in trying to calculate any possible additional past due amounts that may become past due in the time period between the date on which BellSouth calculated the past due amount (which may or may not be known) and the date on which BellSouth would receive and post payment would be taken away from time needed to investigate and secure payment of the amount specified on the suspension or termination notice. But, they maintained, the more significant hindrance is the shell game that would ensue if the Joint Petitioner had to guess the precise amount that BellSouth calculated upon receipt and posting or payment that was needed to satisfy the payment of all amounts past due requirement BellSouth seeks to impose. Witnesses Johnson, Russell, and Falvey noted that under the circumstance, only BellSouth can know (and control) the answer to that calculation, as it knows the date upon which it first calculated the past due amount included in the notice and the date upon which it posts receipt of payment.

Witnesses Johnson, Russell, and Falvey stated that BellSouth's proposed language is inadequate because it places too much burden and risk on the Joint Petitioners who are forced to calculate possible past due amounts in addition to those included in the BellSouth notice to avoid suspension or termination of service. They maintained that BellSouth's proposal amounts to a high stakes shell game that could result in massive service outages for their North Carolina customers, if they fail to properly track, time, trace, and predict BellSouth behavior in a manner that allows them to arrive at a magic number needed to avoid suspension or termination. They argued that such terms and conditions are unreasonable in any setting and especially in this one where consumers' services hang in the balance.

Finally, witnesses Johnson, Russell, and Falvey stated that they disagree with BellSouth's proposed restatement of the issue as it ignores the critical aspect of the issue which is the danger that there could be a calculation error based on erroneous assumptions regarding timing, posted disputes, or some other factors.

In rebuttal testimony, witnesses Johnson, Russell, and Falvey stated that the Joint Petitioners' proposed language is appropriate because there is a substantial risk of calculation errors or disputes and customer impacting service outages inherent in BellSouth's proposal. They argued that BellSouth's proposal is too dangerous to be necessary and it seems intentionally designed to be that way. Witnesses Johnson, Russell, and Falvey maintained that the Joint Petitioners' proposal represents a reasonable and fair alternative that protects the interests of all parties, is not subject to abuse, and does not unduly threaten North Carolina customers' services.

During his summary, witness Russell stated that Matrix Item No. 100 is another provision in which BellSouth threatens to pull the plug on the Joint Petitioners and their North Carolina customers. Witness Russell stated that BellSouth is seeking to contractualize a shell game of sorts wherein it can terminate services if CLPs do not properly calculate time payment and predict BellSouth's own posting of payment amounts due in addition to those set forth on any late payment termination notice.

The Joint Petitioners stated in their Proposed Order that BellSouth, in its proposed language for Section 1.7.2 of Attachment 7, seeks the right to suspend or terminate a Joint Petitioner's service if they fail, after receiving a notice of suspension for nonpayment, to pay the amount due on the notice and any other amounts that may become past due after the date of the notice. The Joint Petitioners noted that, thus, if one account held by a Joint Petitioner is not paid within 31 days on the date of an invoice, the Joint Petitioner must within 15 days pay that amount, plus any other amount that may become late (which will not appear on the notice) within 15 days, in order to avoid suspension of ordering access. The Joint Petitioners commented that failure to pay all amounts within 30 days may result in outright termination of service.

The Joint Petitioners stated that their proposed language for Section 1.7.2 also requires them to remain current on invoices and includes provisions for suspension or termination of service, but requires that any notice state exactly the amount due in dollars and cents that must be paid. The Joint Petitioners noted that their proposed language contains the same deadlines proposed by BellSouth: failure to pay the amount due within 15 days may result in order suspension, and failure to pay within 30 days may result in service termination.

The Joint Petitioners noted that each of them hold many accounts with BellSouth. The Joint Petitioners maintained that each account, if not paid in 31 days, automatically generates a notice. The Joint Petitioners commented that BellSouth witness Morillo testified that any one notice will only state the amount due on the one account from which it is issued. The Joint Petitioners noted that the Joint Petitioner must then pay the amount on the notice, plus any additional amounts that have become past due, in order to avoid suspension or termination of services. The Joint Petitioners maintained that amounts due will not be consolidated in the notice. The Joint Petitioners argued that this situation requires them to calculate for themselves the exact amount due on any given date, and pay it promptly to avoid losing service. Yet BellSouth, the Joint Petitioners argued, as the creditor on all of these accounts, has the ability to calculate the amounts that it is owed.

The Joint Petitioners maintained that service termination is an extremely serious matter. The Joint Petitioners commented that carriers are prohibited by statute from terminating service to customers without the approval of the Commission or the FCC. The Joint Petitioners argued that if BellSouth terminates their service, then North Carolina consumers will necessarily lose service. The Joint Petitioners asserted that the Commission cannot give BellSouth the discretion to impose this penalty when it places on the Joint Petitioners the onus of calculating the amount on the notice, plus

any additional amounts that have become past due. The Joint Petitioners argued that this burden is unfair and carries too great of a risk of mistakes – resulting in service termination.

The Joint Petitioners opined that they have demonstrated a good payment history with BellSouth, according to BellSouth witness Morillo. The Joint Petitioners, therefore, recommended that the Commission find that BellSouth's proposed language is unnecessary to ensure that its invoices are paid. The Joint Petitioners maintained that BellSouth's proposal involves guesswork as to whether disputes will be properly and timely recognized, and as to when BellSouth will recognize receipt of payment. The Joint Petitioners argued that the opportunity for error and possible gamesmanship created by BellSouth's proposal is unreasonable, unacceptable, and contrary to the public interest. The Joint Petitioners maintained that their proposed language, which requires that BellSouth tell a Joint Petitioner exactly what it owes in dollars and cents, is a more equitable and sensible way to deal with late payments.

The Joint Petitioners recommended that the Commission adopt their proposed language for Section 1.7.2 of the Agreement.

BellSouth witness Morillo stated in supplemental direct testimony that BellSouth's position on this issue is that if a CLP receives a notice of suspension or termination from BellSouth as a result of the CLP's failure to pay timely, the CLP should be required to pay all amounts that are past due as of the date of the pending suspension or termination action. Witness Morillo asserted that by definition the collections process is triggered when a customer does not pay its bills according to the terms of the agreement. He noted that once in collections, the risk associated with the customer is higher, based on the customer's own behavior. Witness Morillo noted that under the Joint Petitioners' proposed language, BellSouth would be limited to collecting the amount that was stated in the past due letter regardless of the customer's payment performance for subsequent bill cycles. He argued that BellSouth has the right and responsibility to protect itself from the higher risk associated with nonpayment by insuring that customers are not allowed to continue to stretch the terms of the contract and increase the likelihood of bad debt.

Addressing the Joint Petitioners' statement that the past due amount should be expressly indicated on the notice, witness Morillo stated that he would clarify the collections process for past due amounts. Witness Morillo noted that for Integrated Billing System (IBS) billed services (non-designed, i.e., UNE-P, etc.), if a customer becomes past due and BellSouth sends a treatment letter (i.e., suspension letter) requiring the customer to pay a certain past due amount or lose access to BellSouth ordering systems, BellSouth will require that the customer pay that certain amount and any additional amounts for which the customer has received additional treatment letters, or lose access to ordering systems. He stated that BellSouth would not withhold access to ordering systems for amounts where a collections notice had not been made to the customer. Witness Morillo noted that if, however, the customer does not comply and access to ordering systems is denied, payment of all additional amounts that have

become past due will be required in order to restore access to the ordering systems. He maintained that the process for disconnection of service would work in a similar manner; BellSouth would not disconnect a customer if payment were made for all amounts for which a notice has been sent.

Witness Morillo maintained that Carrier Access Billing System (CABS) billed services (i.e., designed services) are collected differently. He stated that because the system does not have the capability to issue notices mechanically, the treatment process is more manual. Witness Morillo asserted that if a notice is sent to a customer for past due balances, and during that treatment process, additional payments become past due, BellSouth will require the customer to pay the amount on the notice, plus any additional amounts that have become past due in order to avoid suspension or termination of services.

Witness Morillo stated on cross-examination that the proposed provision allows BellSouth to suspend access and terminate service. He noted that the Joint Petitioners know when their BellSouth bills are due and that if they pay their bills on time this provision will never be invoked. Witness Morillo also noted that BellSouth has never suspended the Joint Petitioners for nonpayment.

Witness Morillo stated that it is probably correct under BellSouth's proposed language that there are circumstances where the Joint Petitioners would need to pay amounts in addition to those specified on the notice in order to avoid termination or suspension. He also agreed that potentially the Joint Petitioners may have to calculate an amount different from that specified on the termination notice in order to avoid termination. But, he asserted, the Joint Petitioners know if they did not pay a bill on time within 30 days and that there is no information that the Joint Petitioners would be missing.

Witness Morillo stated that the exact due date of payment will appear on the suspension or termination notice. He also agreed that in the case of two billing cycles, a Joint Petitioner may get fewer than 15 days to cure the past due amount. He also agreed that potentially with a third or fourth billing cycle within the notice timeframe the Joint Petitioners could have one day to pay the amounts. Witness Morillo also agreed that BellSouth could send out two flavors of a notice: one to pay all past due amounts and one to pay all amounts due.

Witness Morillo was asked about what counts as paying. He agreed that the concept of getting credit for paying the minute a CLP writes the check is analogous to the bill date on a BellSouth bill. Witness Morillo noted that he did not handle the posting of payments so he was not intimate with the process.

Witness Morillo explained that a treatment letter is a suspension letter.

On cross-examination by the Public Staff, witness Morillo agreed that he can make a distinction that the concept of a threat relates more to capability than to intent.

On re-direct, witness Morillo agreed that BellSouth's proposed language applies to only undisputed amounts owed. He also agreed that there was nothing that prevents the CLPs from invoking the billing dispute resolution provision of the Agreement.

BellSouth stated in its Brief that two important, agreed-upon contractual provisions should not be forgotten when deciding Matrix Item No. 100. First, Matrix Item No. 100 is limited to a Joint Petitioners' failure to pay undisputed amounts that are past due. Second, BellSouth noted, it will not commence any suspension or disconnection activity involving amounts that are subject to a billing dispute. BellSouth argued that given these circumstances, if a Joint Petitioner receives a notice of suspension or termination from BellSouth as a result of the Joint Petitioner's failure to timely pay amounts that are not subject to a billing dispute, the Joint Petitioner should be required to pay all undisputed amounts that are past due as of the date of the pending suspension or termination action. BellSouth asserted that the Joint Petitioners know when they receive bills, they know when the bills are due, and they admit that the amount of such bills can be predicted with a reasonable degree of accuracy. BellSouth further stated that nothing precludes the Joint Petitioners from contacting BellSouth with any questions they may have regarding amounts owed, and BellSouth stated that it will cooperate to promptly answer any billing related questions.

BellSouth maintained that the Joint Petitioners' apparent objection to BellSouth's proposed language for Matrix Item No. 100 is a concern about guessing what additional past due amounts must be paid to avoid suspension or termination. BellSouth noted that on March 21, 2005, BellSouth eliminated the Joint Petitioners' concern by revising its proposed language to remove the paranoia about perceived guesswork. BellSouth stated that, specifically, it is willing to agree that, upon request, BellSouth will advise of the additional undisputed amounts that have become past due since the issuance of the original notice of suspension or termination. BellSouth asserted that the Joint Petitioners have failed to respond to BellSouth's revised language on this Matrix Item.

BellSouth recommended that the Commission allow BellSouth to protect its financial interest by allowing BellSouth to discontinue providing service to any Joint Petitioner that fails to timely pay for services rendered and therefore, should adopt BellSouth's proposed language on Matrix Item No. 100. BellSouth asserted that ruling otherwise would be to allow the Joint Petitioners to have a revolving extension for payment of undisputed, past due amounts.

The Public Staff stated, in its Proposed Order, that it agrees with the Joint Petitioners that they should pay only the amount past due, expressly and plainly indicated on the notice as of the date of the notice. The Public Staff stated that it also believes that BellSouth's proposal would likely result in miscalculation of past due amounts, thereby potentially causing customer terminations. The Public Staff stated that it questions how BellSouth could require CLPs to pay an amount differing from the amount on the past due notice. The Public Staff maintained that it is unreasonable for

the CLPs to be required to research, calculate, and pay any charges that become past due after a notice of suspension or termination for nonpayment has been sent. The Public Staff noted that a CLP would be forced to make assumptions and calculations that should normally be done by BellSouth. Therefore, the Public Staff asserted that it believes that the Joint Petitioners should not be required to calculate and pay past due amounts in addition to those specified by BellSouth's notice of suspension or termination for nonpayment in order to avoid suspension or termination.

The Commission notes that the language in dispute for Matrix Item No. 100 concerns whether a notice of suspension or termination for nonpayment should include the exact dollar amount due to BellSouth in order to avoid the suspension or termination or whether, upon request, BellSouth will provide information to the Joint Petitioners of the Additional Amounts Owed not reflected on the notice of suspension or termination. The Commission believes that any of the possible sanctions for nonpayment including the refusal of additional applications for service, the incompleteness of pending orders for service, and/or suspension of access to ordering systems are business-impacting and could potentially result in customer termination. The Commission agrees with the Joint Petitioners that customer service termination is an extremely serious matter. The Commission further agrees with and understands BellSouth's argument that any service disruptions or terminations under this provision would only occur when a Joint Petitioner has not paid undisputed amounts that are past due.

However, the Commission believes the potential sanctions for nonpayment are too severe to let the risk of calculation errors potentially occur. Further, the Commission does not believe that BellSouth's new proposed language allowing the Joint Petitioners to request additional information from BellSouth is sufficient when the potential for customer termination is still present.

Therefore, the Commission finds it appropriate to adopt the Joint Petitioners' proposed language for Section 1.7.2 of Attachment 7 of the Agreement. This language will require BellSouth to specify in dollars and cents the amounts due to BellSouth to avoid any of the sanctions which could include customer termination.

## **CONCLUSIONS**

The Commission concludes that it is appropriate to adopt the Joint Petitioners' proposed language concerning suspension or termination notices for Section 1.7.2 of Attachment 7 of the Agreement.

## **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 19**

**ISSUE NO. 19 - MATRIX ITEM NO. 101:** How many months of billing should be used to determine the maximum amount of the deposit?

### **POSITIONS OF PARTIES**

**JOINT PETITIONERS:** The maximum amount of a deposit should not exceed two month's estimated billing for new CLPs or one and one-half month's actual billing for existing CLPs (based on average monthly billings for the most recent six month period). Alternatively, the maximum amount of deposit should not exceed one month's billing for services billed in advance and two months' billing for services billed in arrears.

**BELLSOUTH:** The average of two (2) months of actual billing for existing customers or estimated billing for new customers, which is consistent with the telecommunications industry's standard and BellSouth's practice with its end users.

**PUBLIC STAFF:** The Public Staff recommended that the Commission conclude that the deposit requirements specified in Commission Rule R12-4 are applicable and the language proposed by BellSouth should be incorporated into the Agreement.

### **DISCUSSION**

The Joint Petitioners argued that being required to post excessive deposits places them at a competitive disadvantage. Deposits by their nature tie up capital, thus constrain Petitioners' ability to increase facilities deployment. The Joint Petitioners also argued that they have demonstrated a good payment history with BellSouth over the last several years, thus considerably decreasing BellSouth's risk, which they believe warrant a less onerous deposit policy.

BellSouth, through its witness Morillo, testified that service deposits are necessary to mitigate BellSouth's financial risk in the event a CLP does not or is unable to pay its bill. BellSouth has several criteria by which CLP deposit amounts are set, which includes payment history, liquidity, and bond rating. See Attachment 7, Section 1.8.5. BellSouth stated that these criteria are not in dispute.

The Public Staff pointed out that, in Docket No. P-500, Sub 18, the Commission addressed a similar issue and concluded that creditworthiness should be determined according to the principle set forth in Commission Rule R12-2(a)(2) for the establishment of credit for retail customers.<sup>15</sup> Commission Rule R12-4 is related to the principle set forth in Rule R12-2(a)(5). It limits the amount of the cash deposit to two-twelfths of the estimated charge for the service for the ensuing twelve-month period. The Public Staff believed that BellSouth's proposal to use the average of two month's of actual billing for existing customers or estimated billing for new customers is

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<sup>15</sup> *In the Matter of Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996, Recommended Arbitration Order, Pgs. 78-79 (March 3, 2004).*

consistent with Commission Rule R12-4 and industry standards unlike the Joint Petitioners' proposal.

Having reviewed the record and the language proposed by the Parties, the Commission believes that the deposit requirements specified in Commission Rule R12-4 are applicable for these circumstances and the language proposed by BellSouth should be incorporated into the Agreement.

### **CONCLUSIONS**

The Commission concludes that the deposit requirements specified in Commission Rule R12-4 are applicable for these circumstances. Therefore, the language proposed by BellSouth should be incorporated into the Agreement.

### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 20**

**ISSUE NO. 20 - MATRIX ITEM NO. 102:** Should the amount of the deposit BellSouth requires from a CLP be reduced by past due amounts owed by BellSouth to the CLP?

### **POSITIONS OF PARTIES**

**JOINT PETITIONERS:** Yes. The amount of security due from an existing CLP should be reduced by amounts due CLP by BellSouth aged over thirty (30) calendar days. BellSouth may request additional security in an amount equal to such reduction once BellSouth demonstrates a good payment history, as defined in the deposit provisions of Attachment 7 of the Agreement.

**BELLSOUTH:** No. The CLPs' remedy for addressing late payments by BellSouth should be suspension/termination of service or application of interest/late payment charges similar to BellSouth's remedy for addressing late payments by CLPs.

**PUBLIC STAFF:** The Public Staff recommended that the Commission conclude that the Joint Petitioners should not be allowed to offset security deposits by amounts owed to them by another carrier, but may exercise other options to address late payments, such as the assessment of interest or late payment charges, suspension of service, or disconnection after notice.

### **DISCUSSION**

The Joint Petitioners argued that the provision for a deposit offset is appropriate since the deposit provisions of the Agreement are not reciprocal and BellSouth's payment history with the CLPs is often poor. The Joint Petitioners proposed that their language is appropriate because any credit risk exposure that BellSouth seeks to protect itself from is offset by amounts that BellSouth does not pay in a timely fashion.

BellSouth contended that the CLPs' remedy for addressing non-disputed late payments by BellSouth should be the suspension/termination of service or assessment of interest/late payment charges similar to BellSouth's remedy for addressing late payments by CLPs. BellSouth disagreed with the Joint Petitioners' characterization of BellSouth's payment history, stating that it has paid or disputed 91% of the invoices received from Xspedius Communications and Xspedius Corporation within 30 days of receipt. Further, BellSouth stated that, since December 2003, it has paid or disputed 97% of the invoices received from NuVox within 30 days of receipt.

The Public Staff noted that, in Docket No. P-500, Sub 18, the Commission found that terms in an agreement regarding the amount of deposits as well as the collection of deposits must be consistent with Commission Rule R12-4, which states that deposit amount shall not exceed two-twelfths of the estimated service for the ensuing 12-month period. The amount of the deposit is based upon usage without consideration of other external circumstances such as poor payment history. The Public Staff further noted that Commission Rule R12-5, Refund of Deposit, permits a deposit offset only when service is terminated. Specifically, the rule allows the holder of the deposit to withhold the amounts of any unpaid bills before refunding the deposit and accrued interest. The Public Staff stated that the Joint Petitioners suggest that the deposit offset should be applied routinely and that any outstanding balances owed to them be charged against their deposit requirements to BellSouth.

Commission Rule R12-4 does not authorize offsetting outstanding balances to the deposit requirement to another carrier. Therefore, the language proposed by the Joint Petitioners is rejected. The Commission agrees with BellSouth that CLPs should utilize existing remedies including assessment of late charges and discontinuation or suspension of services after proper notice for non-payment.

## **CONCLUSIONS**

The Commission concludes that CLPs should not be allowed to offset security deposits by amounts owed to them by another carrier. CLPs may exercise other options to address late payments including the assessment of interest or late payment charges, suspension of service, or disconnection after notice.

### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 21**

**ISSUE NO. 21 - MATRIX ITEM NO. 103:** Should BellSouth be entitled to terminate service to a CLP pursuant to the process for termination due to non-payment if the CLP refuses to remit any deposit required by BellSouth within 30 calendar days?

### **POSITIONS OF PARTIES**

**JOINT PETITIONERS:** No. BellSouth should have a right to terminate services to a CLP for failure to remit a deposit requested by BellSouth only in cases where: (a) the CLP agrees that such a deposit is required by the Agreement, or (b) the Commission

has ordered payment of such deposit. A dispute over a requested deposit should be addressed via the Agreement's Dispute Resolution provisions and not through "self-help".

**BELLSOUTH:** Yes. Thirty (30) calendar days is a commercially reasonable time period within which the CLP should have met its fiscal responsibilities.

**PUBLIC STAFF:** The Public Staff supported BellSouth's position.

## **DISCUSSION**

The Joint Petitioners proposed the following language for Section 1.8.6 of the Agreement:

- 1.8.6 In the event [CLP] fails to remit to BellSouth any deposit requested pursuant to this Section and either agreed to by [CLP] or as ordered by the Commission within thirty (30) calendar days of such agreement or order, service to [CLP] may be terminated in accordance with the terms of Section 1.7 and subtending sections of this Attachment, and any security deposits will be applied to [CLP]'s account(s).

The Joint Petitioners contended that this language would prevent BellSouth from disconnecting service to a CLP if the parties disagreed on the amount of deposit required. Rather, BellSouth would be required to invoke the Agreement's Dispute Resolution process.

BellSouth proposed the following alternative language:

- 1.8.6 Subject to Section 1.8.7 following, in the event [CLP] fails to remit to BellSouth any deposit requested pursuant to this Section within thirty (30) calendar days of [CLP]'s receipt of such request, service to [CLP] may be terminated in accordance with the terms of Section 1.7 and subtending sections of this Attachment, and any security deposits will be applied to [CLP]'s account(s).

BellSouth's language gives a CLP 30 days to dispute a deposit requested by BellSouth. If the dispute is in writing, BellSouth must provide a written response explaining the basis for the deposit amount. Furthermore, a CLP would be required to place the deposit in escrow if the dispute took longer than 60 days to resolve. BellSouth argued that it has incurred losses in the past when a CLP failed to pay its bills, necessitating deposits to mitigate the risk of such losses.

The Public Staff stated in its Proposed Order that BellSouth must be allowed to bill reasonable deposits in accordance with Rule R12-4 in a timely manner for the provision of its services to customers, without the consent of either the billed party or

the Commission. The Public Staff noted that the language proposed by the Joint Petitioners would place BellSouth in the position of potentially having to seek advance approval from both a CLP and the Commission every time it requested a deposit from the CLP. The Public Staff believed that such an arrangement would place an untenable burden on BellSouth and expose it to significant, unpredictable losses.

The Commission believes that there are already sufficient protections in place, in the Agreement and in Chapter 12 of the Commission's Rules and Regulations to discourage BellSouth from abusing its authority to require customer deposits. Attachment 7, Section 2 of the Agreement ("Billing Disputes") contains provisions accepted by all parties that allow for billed deposits to be disputed within 30 days of billing. Section 2.1.6 gives the parties 60 days following the dispute notification date to resolve the dispute and sets forth the specific obligations of each party during this period. In the event they are unable to resolve the dispute amicably, either party may then petition the Commission for resolution, pursuant to Section 13 of the General Terms and Conditions ("Resolution of Disputes").

## **CONCLUSIONS**

Accordingly, the Commission concludes that the language proposed by BellSouth with respect to termination of service due to non-payment of a deposit for Section 1.8.6 is appropriate.

### **EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 22**

**ISSUE NO. 22 - MATRIX ITEM NO. 104:** What recourse should be available to either Party when the Parties are unable to agree on the need for or amount of a reasonable deposit?

### **POSITIONS OF PARTIES**

**JOINT PETITIONERS:** If the Parties are unable to agree on the need for or amount of a reasonable deposit, either Party should be able to file a petition for resolution of the dispute and both Parties should cooperatively seek expedited resolution of such dispute.

**BELLSOUTH:** If a CLP does not agree with the amount or need for a deposit requested by BellSouth, the CLP may file a petition with the Commission for resolution of the dispute and BellSouth would cooperatively seek expedited resolution of such dispute. BellSouth shall not terminate service during the pendency of such a proceeding provided that the CLP posts a payment bond for the amount of the requested deposit during the pendency of the proceeding.

**PUBLIC STAFF:** The Public Staff agreed with the Joint Petitioners' position.

## DISCUSSION

The Parties proposed the following language regarding the reasonableness of deposits requested by BellSouth and the procedures to be followed during a complaint proceeding to challenge deposit requirements.

Joint Petitioners:

- 1.8.7 The Parties will work together to determine the need for or amount of a reasonable deposit. If the Parties are unable to agree, either party may file a petition for resolution of the dispute and both parties shall cooperatively seek expedited resolution of such dispute.

BellSouth:

- 1.8.7 The Parties will work together to determine the need for or amount of a reasonable deposit. If [CLP] does not agree with the amount or need for a deposit requested by BellSouth, [CLP] may file a petition with the Commission for resolution of the dispute and both Parties shall cooperatively seek expedited resolution of such dispute. BellSouth shall not terminate service during the pendency of such a proceeding provided that [CLP] posts a payment bond for the amount of the requested deposit during the pendency of the proceeding.

The Joint Petitioners maintained that BellSouth's proposal to require CLPs to post a payment bond for the pendency of the complaint proceeding would effectively put them in the position of losing a deposit dispute before the issues were properly adjudicated. BellSouth stated that during the past two years, there have been instances where a CLP filed for bankruptcy while a dispute relating to a deposit request was pending. Therefore, BellSouth argued that the bond posting requirement is necessary to minimize its financial risk.

BellSouth's testimony citing instances in which it unsuccessfully sought state assistance to resolve deposit disputes is insufficient to persuade the Commission that CLPs should be required to post bonds as a precondition to challenging BellSouth's deposit requirements in a Commission complaint proceeding. The Joint Petitioners' proposed wording, in combination with the provisions approved elsewhere in this order for "Billing Disputes" (Section 2 of Attachment 7) and "Resolution of Disputes" (Section 13 of the General Terms and Conditions), should be sufficient to protect the Parties from unnecessary financial risk during the pendency of complaints before the Commission.

## CONCLUSIONS

The Commission concludes that the language proposed by the Joint Petitioners on the need for or amount of a deposit to be included in Section 1.8.7 of the Agreement is appropriate.

IT IS, THEREFORE, ORDERED as follows:

1. That the Joint Petitioners and BellSouth shall prepare and file a Composite Agreement in conformity with the conclusions of this Order as outlined in the Commission's November 3, 2000 Order Modifying Composite Agreement Filing Requirements issued in Docket No. P-100, Sub 133. Such Composite Agreement shall be in the form specified in paragraph 4 of Appendix A in the Commission's August 19, 1996 Order in Docket Nos. P-140 Sub 50, and P-100, Sub 133, concerning arbitration procedure (Arbitration Procedure Order) as amended by the November 3, 2000 Order.

2. That, not later than Thursday, August 25, 2005, a party to the arbitration may file objections to this Order consistent with paragraph 3 of the *Arbitration Procedure Order*.

3. That, not later than Thursday, August 25, 2005, any interested person not a party to this proceeding may file comments concerning this Order consistent with paragraphs 5 and 6, as applicable, of the *Arbitration Procedure Order*.

4. That, with respect to objections or comments filed pursuant to decretal paragraphs 2 or 3 above, the party or interested person shall provide with its objections or comments an executive summary of no greater than one and one-half pages, single-spaced, or three pages, double-spaced containing a clear and concise statement of all material objections or comments. The Commission will not consider the objections or comments of a party or person who has not submitted such executive summary or whose executive summary is not in substantial compliance with the requirements above.

5. That parties or interested persons submitting Composite Agreements, objections or comments shall also file those Composite Agreements, objections or

comments, including the executive summary required in decretal paragraph 4 above, on an MS-DOS formatted 3.5-inch computer diskette containing noncompressed files created or saved in Word format.

ISSUED BY ORDER OF THE COMMISSION.

This the 26<sup>th</sup> day of July, 2005.

NORTH CAROLINA UTILITIES COMMISSION

*Gail L. Mount*

Gail L. Mount, Deputy Clerk

bp072505.01

**Glossary of Acronyms**  
**Docket Nos. P-772, Sub 8;**  
**P-913, Sub 5; P-989, Sub 3;**  
**P-824, Sub 6; and P-1202, Sub 4**

Act	Telecommunications Act of 1996
Agreement	Interconnection Agreement
AICPA	American Institute of Certified Public Accountants
BellSouth	BellSouth Telecommunications, Inc.
BOCs	Bell Operating Companies
CABS	Carrier Access Billing System
CLEC	Competitive Local Exchange Company
CLP	Competing Local Provider
CMDS	Centralized Message Distribution System
Commission	North Carolina Utilities Commission
CPNI	Customer Proprietary Network Information
CSR	Customer Service Record
DSL	Digital Subscriber Line
EEL	Enhanced Extended Link (Loop)
ESP	Enhanced Service Provider
FCC	Federal Communications Commission
FTTC	Fiber-to-the-curb
FTTH	Fiber-to-the-home
IBS	Integrated Billing System
ICA	Interconnection Agreement
ICO	Independent Telephone Company
ILEC	Incumbent Local Exchange Company (Carrier)
ISP	Internet Service Provider
ITC or ITC^DeltaCom	ITC^DeltaCom Communications, Inc.
IXC	Interexchange Carrier

**Appendix A**  
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Joint Petitioners	NewSouth, NuVox, KMC, and Xspedius
KMC	KMC Telecom V, Inc. and KMC Telecom III, LLC
LOA	Letter of Authorization
LSR	Local Service Request
MDUs	Multiple Dwelling Units
MPOE	Minimum Point of Entry
NewSouth	NewSouth Communications Corp.
NuVox	NuVox Communications, Inc.
OSS	Operations Support Systems
Public Staff	Public Staff – North Carolina Utilities Commission
RAO	Recommended Arbitration Order
RNM	Routine Network Modification
SEEM	Self-Effectuating Enforcement Mechanism
SGAT	Statement of Generally Available Terms and Conditions
SOC	Supplemental Order Clarification
SQM	Service Quality Measurement
TA96	Telecommunications Act of 1996
TDM	Time Domain Multiplexing
TELRIC	Total Element Long-Run Incremental Cost
TIC	Tandem Intermediary Charge
TRO	Triennial Review Order
TRRO	Triennial Review Remand Order
UNE	Unbundled Network Element
UNE-P	Unbundled Network Element – Platform
Verizon	Verizon Virginia, Inc.
WorldCom	WorldCom, Inc.
xDSL	Digital Subscriber Line
Xspedius	Xspedius Communications, LLC on behalf of its operating subsidiary, Xspedius Management Co. Switched Services, LLC